

GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT

REPORT ON FINANCIAL STATEMENTS
(with additional information)

For the Year Ended June 30, 2007

**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	3-4
Management's Discussion and Analysis	5-13
Basic Financial Statements	
District – Wide Financial Statements	
Statement of Net Assets	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet – Governmental Funds	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	17
Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds	18
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Notes to Financial Statements	20-31
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	33
Budgetary Comparison Schedule – Special Education Fund	34
Budgetary Comparison Schedule – Vocational Education Fund	35
Federal Single Audit Reports	36





ANDERSON, TACKMAN & COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

A Regional Firm with Offices in Michigan and Wisconsin

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Gogebic-Ontonagon Intermediate School District
Bergland, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gogebic-Ontonagon Intermediate School District ("District") as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these financial statements based on our audit.

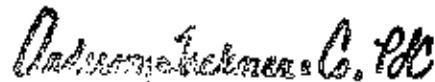
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the District's Board of Education and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gogebic-Ontonagon Intermediate School District as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the required supplemental information identified in the table of contents are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants

Iron Mountain, Michigan
October 31, 2007

Gogebic-Ontonagon Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2007

Gogebic-Ontonagon Intermediate School District's Management Discussion and Analysis is intended to assist the reader to focus on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position including its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and is intended to provide the financial results for the fiscal year ending June 30, 2007.

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

District-Wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
(other than MD&A expanded)

As mentioned, GASB 34 requires the presentation of two basic types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

District-Wide Financial Statements

The District-Wide Financial Statements provide a perspective of the District as a whole. These financial statements use the full accrual basis of accounting similar to private sector companies. There are two District-Wide Financial Statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets combines and consolidates governmental funds: current financial resources (short-term available resources) with capital assets and long-term obligations, regardless of their current availability.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

Gogebic-Ontonagon Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2007

Fund Financial Statements

The Fund Financial Statements are similar to financial presentations of years past, but the new focus is on the District's Major Funds rather than fund types as in the past. The two Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounts. Under this basis of accounting, revenues are recorded when received, except when they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period those goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year, and future debt obligations are not recorded.

Fund types include the General Fund, Special Education Fund, and Vocational Education Fund. The General Fund, Special Education Fund, and Vocational Education Fund are used primarily to account for the general education requirements of the District. Its revenues are derived from property taxes, state and federal distributions and grants, and other intergovernmental revenues.

Gogebic-Ontonagon Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2007

Financial Analysis of the District as a Whole

Summary of Net Assets

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Assets:		
Current assets	\$ 1,545,815	\$ 1,156,893
Net capital assets	<u>476,354</u>	<u>481,317</u>
Total assets	<u>2,022,169</u>	<u>1,638,210</u>
Liabilities:		
Current liabilities	426,812	327,968
Long term liabilities	<u>189,934</u>	<u>208,584</u>
Total liabilities	<u>616,746</u>	<u>536,552</u>
Net Assets:		
Invested in capital assets, net of related debt	311,415	316,378
Unrestricted	<u>1,094,008</u>	<u>785,280</u>
Total net assets	<u>1,405,423</u>	<u>1,101,658</u>
Total Net Assets and Liabilities	<u>\$ 2,022,169</u>	<u>\$ 1,638,210</u>

The School District's net assets totaled \$1,405,423 at June 30, 2007, compared to \$1,101,658 at June 30, 2006. Total net assets can be separated into two categories: invested in capital assets, net of related debt and unrestricted assets.

Net capital assets are a combination of funds available for capital assets less accumulated depreciation and related debt. The original cost of capital assets was \$780,448 at June 30, 2007, and \$788,623 at June 30, 2006. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less any estimated salvage value, expensed over the estimated use life of the assets. Total accumulated depreciation was \$304,094 at June 30, 2007, and \$307,306 at June 30, 2006. Total debt related to capital assets was \$164,939 at June 30, 2007, and \$164,939 at June 30, 2006.

Gogebic-Ontonagon Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2007

The remaining balance in unrestricted assets represents an excess balance of \$1,094,008 at June 30, 2007, and \$785,280 at June 30, 2006.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-Wide results of operations for the years ended June 30, 2007 and June 30, 2006 is as follows:

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Program revenue		
Operating grants - federal state local	<u>1,499,774</u>	<u>1,558,313</u>
Total program revenue	<u>1,499,774</u>	<u>1,558,313</u>
General revenue		
Property taxes levied for general operations	2,082,122	1,957,023
State of Michigan aid, unrestricted	1,283,002	1,227,582
Other- federal, state and local	<u>191,161</u>	<u>120,408</u>
Total general revenue	<u>3,556,285</u>	<u>3,305,013</u>
Total revenue	<u>5,056,059</u>	<u>4,863,326</u>
Expenses		
Instruction	1,272,018	1,389,902
Support services	3,427,957	3,461,592
Interest on long term debt	6,212	6,014
Depreciation (unallocated)	<u>46,107</u>	<u>45,193</u>
Total expenses	<u>4,752,294</u>	<u>4,902,701</u>
Increase in net assets	303,765	(39,375)
Net Assets July 1	<u>1,101,658</u>	<u>1,141,033</u>
Net Assets June 30	<u>\$ 1,405,423</u>	<u>\$ 1,101,658</u>

Gogebic-Ontonagon Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2007

GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS

The overall condition of the governmental funds has increased during the fiscal year June 30, 2007, and decreased during June 30, 2006 fiscal year. Several factors that contributed to the situation include increase in property taxes, operating grants and other revenue totaling \$212,349. Expenditures decreased by \$170,085 mainly from decreases in instruction and an increase in special education payments to local districts.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments are known. The most significant fund budgeted is the General Fund, Special Education Fund, and Vocational Education Fund. The fund's operating budgets were amended three times during the fiscal year.

General Fund Operations

In the General Fund operations, the actual revenue for fiscal year June 30, 2007 was \$1,134,901. This is above the original budget of \$1,104,429 and above the final budget of \$1,115,715. The actual expenditures of the general fund for fiscal year June 30, 2007 operations were \$970,403. This is below the original budget of \$1,135,766 and below the final budget of \$1,052,422.

Special Education Fund Operations

In the Special Education Fund operations, the actual revenue for fiscal year June 30, 2007 was \$3,020,373. This is above the original budget of \$2,970,642 and above the final budget of \$2,943,433. The actual expenditures of the special education fund for fiscal year June 30, 2007 operations were \$2,979,077. This is below the original budget of \$3,060,133 and below the final budget of \$3,090,462.

Vocational Education Fund Operations

In the Vocational Education Fund operations, the actual revenue for fiscal year June 30, 2007 was \$900,785. This is above the original budget of \$849,295 and above the final budget of \$874,378. The actual expenditures of the vocational education fund for fiscal year June 30, 2007 operations were \$779,988. This is below the original budget of \$853,244 and below the final budget of \$816,257.

Gogebic-Ontonagon Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2007

Variance Explanations from the Original Budget to Final Budget

General Fund:

Revenue: The main differences resulted from the elimination of the federal project and an increase in USF funds, state sources and transfers.

Expenditures: Differences were the elimination of a federal grant (\$122,173), an increase in technology (\$34,248), increase in professional development (\$39,675), reduction in board of education (\$10,015) and a reduction in operation and maintenance (\$12,405).

Special Education:

Revenue: Differences were a revised increase in local sources (\$49,761), state sources (\$69,518), and a reduction in federal sources (\$131,488).

Expenditures: Expenditures were reduced in pupil services for an employee on unpaid leave (\$31,281), a psychologist position not filled (\$86,218), reduction in transportation estimate (\$20,000), and an increase in projected payments to local school districts (\$153,894).

Vocational Education:

Revenue: An increase in estimated local revenue (\$41,188) and a reduction of (\$16,105) in state sources.

Expenditures: Most variances were small with a reduction in estimated instructional expense of \$32,905).

Gogebic-Ontonagon Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2007

Variance Explanations from the Final Budget to Actual

General Fund:

Revenue: Had a variance of \$19,186 or less than 2% on the total revenue.

Expenditure: Expenditures were \$82,035 less than budget or less than a 1% variance on total expenditures. Technology expenditures were \$36,694 less and Board of Education was \$14,669 less.

Special Education:

Revenue: Revenue exceeded budget by 2.5%

Expenditure: Expenditures were 3.7% less than budget.

Vocational Education:

Revenue: Revenue exceeded budget by 3%.

Expenditures: Expenditures were 4.6% less than budget.

TOTAL REVENUES

Below is a summary of the governmental fund revenues and their percentages as they relate to governmental funds.

	Total Revenue <u>June 30, 2007</u>	<u>Percentage</u>	Total Revenue <u>June 30, 2006</u>	<u>Percentage</u>
State of Michigan Aid unrestricted	\$ 1,283,002	25.38%	\$ 1,227,582	25.24%
Prop taxes general operation	2,082,122	41.18%	1,957,023	40.24%
Operating grants federal state local	1,499,774	29.66%	1,558,313	32.04%
Other federal, state and local	<u>191,161</u>	<u>3.78%</u>	<u>120,408</u>	<u>2.48%</u>
Total Revenues	<u>\$ 5,056,059</u>	<u>100.00%</u>	<u>\$ 4,863,326</u>	<u>100.00%</u>

Gogebic-Ontonagon Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2007

GOVERNMENTAL FUND EXPENDITURES

Below is a summary of the governmental fund expenditures and their percentages as they relate to total governmental funds:

	Total Expenditures June 30, 2007	Percentage	Total Expenditures June 30, 2006	Percentage
General Fund	\$ 970,403	20.52%	\$ 964,181	19.60%
Special Education	2,979,077	62.99%	3,075,309	62.52%
Vocational Education	779,988	16.49%	860,063	17.48%
Durant	0	0.00%	19,616	0.40%
Total Expenditures	<u>\$ 4,729,468</u>	<u>100.00%</u>	<u>\$ 4,919,169</u>	<u>100.00%</u>

Unrestricted State Aid

Special Education is predominately funded by State Aid based on a blended count formula that the State of Michigan utilizes. State revenues to the District have increased as a result of an increase in Section 51a, Section 52, and Great Parents/Great Start.

Property Taxes

The District levies 3.3004 mills of property taxes on all Non-Homestead property located within the District for operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value.

Operating Grants Federal, State, and Local

The District is heavily dependent upon Grant funding. Below are some of the major grants and their funding sources:

State: Great Parent Great Start
Federal: Even Start, Flow Through, Preschool, EOSD, Early On, Transition, Carl Perkins, and Tech Prep
Local: Reading First, and Math/Science

Gogebic-Ontonagon Intermediate School District
Management Discussion and Analysis
(Unaudited)
For the Fiscal Year Ended June 30, 2007

ENROLLMENT

Special Education is the only fund that receives State Aid based on student enrollment. The enrollment has remained steady, and is expected to continue at near current levels. The 2006/2007-student count was 36.94, which will become part of the Special Education foundation payments for the 2007/2008 fiscal year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of the fiscal year 2007, the District had \$780,448 invested in land and building, furniture and equipment, vehicles and buses compared to \$788,623 at June 30, 2006. Of this amount, \$304,094 and \$307,306 have been depreciated at June 30, 2007 and June 30, 2006 respectively. Net book value totaled \$476,354 at June 30, 2007, and \$481,317 at June 30, 2006. Due to budget constraints related to the State of Michigan financial status, and flat enrollments, the ability to maintain these buildings has become increasingly difficult. The District maintains a \$1,000 threshold for capitalization of assets.

Outstanding Debt at Year End

As of June 30, 2007 and June 30, 2006 the District had \$164,939 in bonds outstanding for the Durant Settlement. The District collects state funding equal to the payments on a yearly basis.

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this report.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to give an overview of the financial conditions of the Gogebic-Ontonagon Intermediate School District. For additional detailed financial information contact:

Bruce F. Mayle
Superintendent
Gogebic-Ontonagon Intermediate School District
202 Elm Street
Bergland, MI 49910
Office Telephone (906) 575-3438
Fax Telephone (906) 575-3373

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2007

	Governmental Activities
ASSETS:	
Current assets:	
Cash and equivalents	\$ 75
Investments	1,012,931
Receivables:	
Taxes	89,658
Accounts	14,576
Due from other districts	58,736
Due from other governmental units	369,839
Total current assets	<u>1,545,815</u>
Noncurrent assets:	
Capital assets	780,448
Accumulated depreciation	<u>(304,094)</u>
Total noncurrent assets	<u>476,354</u>
TOTAL ASSETS	<u>2,022,169</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	166,893
Accrued expenses	173,220
Accrued interest	28,556
Deferred revenue	5,685
Early retirement incentive	18,000
Compensated absences	34,458
Total current liabilities	<u>426,812</u>
Noncurrent liabilities:	
Bonds payable	164,939
Early retirement incentive	12,000
Compensated absences	12,995
Total noncurrent liabilities	<u>189,934</u>
TOTAL LIABILITIES	<u>616,746</u>
NET ASSETS:	
Invested in capital assets, net of related debt	311,415
Unrestricted	<u>1,094,008</u>
TOTAL NET ASSETS	<u>\$ 1,405,423</u>

The accompanying notes to the financial statements are an integral part of this statement.





**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2007

	Program Revenue			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
FUNCTIONS/PROGRAMS					
PRIMARY GOVERNMENT:					
Governmental Activities:					
Instruction	\$ 1,272,018	\$ -	\$ -	\$ -	\$ (1,272,018)
Support	3,427,957	-	1,499,774	-	(1,928,183)
Depreciation	46,107	-	-	-	(46,107)
Debt interest, fees and expenses	6,212	-	-	-	(6,212)
TOTAL PRIMARY GOVERNMENT	4,752,294	-	1,499,774	-	(3,252,520)
General revenues:					
Property taxes					\$ 2,082,122
State revenue sharing					1,283,002
Grants and contributions not restricted to specific programs					101,190
Unrestricted investment earnings					65,502
Other					24,469
Total general revenues and transfers					3,556,285
Changes in net assets					303,765
Net assets, beginning of year					1,101,658
Net assets, end of year					\$ 1,405,423

The accompanying notes to the financial statements are an integral part of this statement.

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2007

	<u>General</u>	<u>Special Education</u>	<u>Vocational Education</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and equivalents	\$ 50	\$ -	\$ 25	\$ 75
Investments	337,534	337,031	338,366	1,012,931
Receivables:				
Taxes	8,414	56,627	24,617	89,658
Accounts	609	12,292	1,675	14,576
Due from other funds	39,687	-	-	39,687
Due from other districts	55,420	3,049	267	58,736
Due from other governments	65,267	271,432	33,140	369,839
TOTAL ASSETS	<u>\$ 506,981</u>	<u>\$ 680,431</u>	<u>\$ 398,090</u>	<u>\$ 1,585,502</u>
LIABILITIES:				
Accounts payable	\$ 40,127	\$ 91,725	\$ 35,041	\$ 166,893
Accrued expenses	17,540	135,239	20,441	173,220
Due to other funds	-	33,864	5,823	39,687
Deferred revenue	5,685	-	-	5,685
TOTAL LIABILITIES	<u>63,352</u>	<u>260,828</u>	<u>61,305</u>	<u>385,485</u>
FUND BALANCE AND OTHER CREDITS:				
Fund balances:				
Unreserved-Designated	8,069	46,464	7,007	61,540
Unreserved-Undesignated	435,560	373,139	329,778	1,138,477
TOTAL FUND BALANCE AND OTHER CREDITS	<u>443,629</u>	<u>419,603</u>	<u>336,785</u>	<u>1,200,017</u>
TOTAL LIABILITIES, FUND BALANCE AND OTHER	<u>\$ 506,981</u>	<u>\$ 680,431</u>	<u>\$ 398,090</u>	<u>\$ 1,585,502</u>

The accompanying notes to the financial statements are an integral part of this statement.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS**

For the Year Ended June 30, 2007

Total fund balances for governmental funds	\$1,200,017
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and land improvements	\$ 49,383	
Buildings	427,717	
Equipment	244,806	
Vehicles	<u>58,542</u>	
Total capital assets	780,448	
Accumulated depreciation	<u>(304,094)</u>	
Net capital assets		476,354

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets.

Accrued interest on long-term debt	\$ (28,556)	
Bonds payable	(164,939)	
Compensated absences	(47,453)	
Early retirement incentive	<u>(30,000)</u>	<u>(270,948)</u>
Total net assets of governmental activities		<u>\$1,405,423</u>



GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2007

	General	Special Education	Vocational Education	Total Governmental Funds
REVENUES:				
Local Sources	\$ 315,684	\$ 1,367,345	\$ 621,450	\$ 2,304,479
State Sources	385,005	772,389	94,412	1,251,806
Federal Sources	268,248	865,657	184,923	1,318,828
TOTAL REVENUES	968,937	3,005,391	900,785	4,875,113
EXPENDITURES:				
Instruction:				
Current	-	1,024,653	264,380	1,289,033
Capital outlay	-	1,200	16,307	17,507
Supporting services:				
Current	653,141	1,598,063	495,730	2,746,934
Capital outlay	92,262	13,098	3,571	108,931
TOTAL EXPENDITURES	745,403	2,637,014	779,988	4,162,405
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	223,534	368,377	120,797	712,708
OTHER FINANCING SOURCES (USES):				
Payments received from other governmental units	165,964	14,982	-	180,946
Payments to other governmental units	(225,000)	(342,063)	-	(567,063)
TOTAL OTHER FINANCING SOURCES (USES)	(59,036)	(327,081)	-	(386,117)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	164,498	41,296	120,797	326,591
FUND BALANCE, JULY 1	279,131	378,307	215,988	873,426
FUND BALANCE, JUNE 30	\$ 443,629	\$ 419,603	\$ 336,785	\$ 1,200,017

The accompanying notes to the financial statements are an integral part of this statement.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2007

Net changes in fund balances – total governmental funds	\$326,591
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$47,473 exceeded depreciation expense \$(46,107).

1,366

Undepreciated balance of retired fixed assets

(6,329)

Bond and loan proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets. There were no Durant bond payments made during fiscal year 2007.

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Compensated absences	(29,651)
Early retirement incentive	18,000
Accrued interest	<u>(6,212)</u>
Changes in net assets of governmental activities	<u>\$303,765</u>



**GOBEGIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying basic financial statements of the Gogebic-Ontonagon Intermediate School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below:

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the statement include the following:

An Administration's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all the District's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement the provisions of the Statement.

A. Reporting Entity

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement #14, *The Financial Reporting Entity* and as amended by GASB Statement #39.

The criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements include budget adoption, taxing authority, funding, appointment of the respective governing board, and scope of public service.

Based on the foregoing criteria, it has been determined that there are no component units of the Gogebic-Ontonagon Intermediate School District.

B. Basic Financial Statements - Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities except for fiduciary activities.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the government-wide Statement of Net Assets, both the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.).

The District does not allocate indirect costs. In creating the government-wide financial statements the District has eliminated interfund transactions.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities,

C. Basic Financial Statements - Fund Financial Statements

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types in two broad fund categories as follows:

Governmental Funds - Governmental funds are used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities, except for those accounted for in fiduciary funds. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund - The General Fund is the primary operating fund of the District. It is used to account for all financial transactions of the District, except those required to be accounted for in other funds.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2007
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basic Financial Statements – Fund Financial Statements (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses the Special Revenue Fund to account for the Gogebic-Ontonagon Intermediate School District's activity.

Account Groups - Account groups are used to establish accounting control and accountability for the District's general fixed assets and long-term obligations. The following are the District's account groups:

General Fixed Assets - This group of accounts was established to account for all general fixed assets of the District.

General Long-Term Obligations - This group of accounts has been established to account for unmatured general long-term obligations and certain other liabilities of the District not expected to be liquidated through the use of available expendable financial resources.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus. The governmental-wide statement uses the economic resources measurement focus.

Accrual

Governmental activity in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after the year end. A one year period is used for revenue recognition for all other governmental fund revenues. Those revenues prone to accrual are property taxes, federal aid, interest-revenue, and charges for services.



**GOGEGIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2007
(Continued)**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus and Basis of Accounting (Continued)

The District reports deferred revenue on its governmental fund balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

State Foundation Revenue - For the fiscal year ended June 30, 2007, the State of Michigan adopted a foundation grant approach which provides for a specific annual amount of revenue per student based on a state wide formula. In previous years, the state utilized a district power equalizing approach. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2007, the foundation allowance was based on the average of pupil membership counts taken in February and September of 2006.

Expenditures and related liabilities are recognized when obligations are incurred as a result of the receipt of goods and services. Modifications include:

Principal and interest on general long-term debt are recorded as fund liabilities when due, or when amounts have been accumulated in the debt service fund for payments of principal and interest to be made early in the following year.

E. Cash and Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and equivalent balances for individual funds are pooled unless maintained in segregated accounts.

F. Interfund Balances and Transfers

The current portion of lending/borrowing arrangements between funds are identified as "due to/from other funds". The non-current portion of outstanding balances between funds are reported as "advances to/from other funds". Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Transfers represent a flow of assets without equivalent flows of assets in return or a requirement for repayment.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2007
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories in the Special Revenue Fund consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Inventories for commodities are recorded as revenue when utilized. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

The District has adopted a capitalization policy of \$1,000.

I. Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

J. Compensated Absences

Amounts representing accumulated vacation and personal leave expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the government fund that will pay it.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized as revenue when levied to the extent they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

The District, along with certain other governmental units, is permitted by the Constitution of the State of Michigan of 1963 to levy combined taxes up to \$50 per \$1,000 of assessed valuation for general governmental services other than the payment of Debt Service Fund expenses if approved by a majority of the electors. The District must include certain tax levies of other governmental units located within the District, primarily the county, when determining the maximum millage of \$50 per \$1,000 of assessed valuation. For the year ended June 30, 2007, the District levied the following amounts per \$1,000 of assessed valuation:

Fund Mills

General Fund - Non-Homestead	.3124
Special Education	2.0826
Vocational Education	.9054

L. Unemployment Insurance

The District reimburses the Michigan Employment Security Commission (MESC) for the actual amount of unemployment benefits disbursed by the MESC on behalf of the District. Billings received for amounts paid by the MESC through June 30 are accrued.

M. Fund Balance

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of net current assets does not constitute "available spendable resources". Designated fund balances represents amounts set aside by the governing body for specific purposes.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

(Continued)

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. The District follows these procedures in establishing the budgetary date reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1st. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budget is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - all governmental fund types.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1st, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred unless authorized in the budget, or in excess of the amount appropriated. Any material expenditures in violation of the budgeting act are disclosed in the footnotes.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30th.

The budget for the year ended June 30, 2007 was adopted on June 30, 2006 and formally amended on November 20, 2006, March 28, 2007, and June 28, 2007.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund and Special Revenue Funds are presented as Required Supplemental Information.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

(Continued)

NOTE 2 - CASH AND EQUIVALENTS

Deposits

The District's cash and equivalents, as reported in the Statement of Net Assets, consisted of the following:

Petty cash	\$75
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Michigan statutes authorize the District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days of date of purchase, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

Deposit Risk

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of June 30, 2007, the District's checking accounts were not exposed to credit risk because they were fully insured.

Investments

The District's investments, as reported in the Statement of Net Assets, consisted of the following:

Michigan Liquid Asset Fund (MILAF)	\$1,012,931
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Michigan statutes authorize the District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days of date of purchase, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

Investments are recorded at fair market value, which is based on quoted market prices.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the District's investments. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments are with the Michigan Liquid Asset Fund (MILAF) which consists of different funds including mutual funds with a high degree of liquidity, thus the District's investments are not subject to interest rate risk.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2007
(Continued)

NOTE 3 - INTERFUND BALANCES AND TRANSFERS

Interfund receivables and payables for the year ended June 30, 2007 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund:		Special Education:	
Special Education	\$33,864	General Fund	\$33,864
Vocational Education	<u>5,823</u>	Vocational Education:	
		General	<u>5,823</u>
Total	<u>\$39,687</u>	Total	<u>\$39,687</u>

NOTE 4 - CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2007 follows:

	<u>Balance July 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2007</u>
Land and improvements	\$ 49,383	\$ -	\$ -	\$ 49,383
Building	427,717	-	-	427,717
Equipment	221,729	23,077	-	244,806
Vehicles	<u>89,794</u>	<u>24,396</u>	<u>(55,648)</u>	<u>58,542</u>
TOTALS	788,623	<u>\$ 47,473</u>	<u>\$ (55,648)</u>	780,448
Accumulated Depreciation	<u>(307,306)</u>	<u>\$ (46,107)</u>	<u>\$ 49,319</u>	<u>(304,094)</u>
Net Fixed Assets	<u>\$ 481,317</u>			<u>\$ 476,354</u>

Depreciation for the year ended June 30, 2007, amounted to \$46,107. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2007
(Continued)

NOTE 5 – LONG-TERM OBLIGATIONS

During the year ended June 30, 2007, the following changes occurred in long-term obligations:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Amounts Due Within One Year
Durant Bonds	\$ 164,939	\$ -	\$ -	\$ 164,939	\$ -
Early Retirement Incentive	48,000	18,000	(36,000)	30,000	18,000
Vested Vacation & Sick Leave	17,802	29,651	-	47,453	34,458
Total	<u>\$ 230,741</u>	<u>\$ 47,651</u>	<u>\$ (36,000)</u>	<u>\$ 242,392</u>	<u>\$ 52,458</u>

NOTE 6 - BONDS AND NOTES PAYABLE

Long-term obligations at June 30, 2007 is comprised of the following amounts:

1. 1998 Durant Bonds, in the original amount of \$279,340 due in annual installments from \$19,613 to \$131,798 through May, 15, 2013, with interest at 4.76%. \$164,939

The annual State of Michigan appropriation is the only revenue source for making the annual payments on the Durant Bonds. The District is under no obligation to make the annual payment in any year the legislature fails to appropriate the proper amount of funds.

2. Early retirement incentive 30,000
3. Vested vacation and sick leave 47,453
- Total \$242,392

The annual requirements to amortize long-term obligations outstanding as of June 30, 2007 are as follows:

Year Ended June 30	<u>Bond Issues</u>		Early Retirement Incentive	Vacation & Sick Leave	Total
	<u>Principal</u>	<u>Interest</u>			
2008	\$ -	\$ -	\$ 18,000	\$ 34,458	\$ 52,458
2009	15,545	4,070	6,000	-	25,615
2010	95,737	36,061	6,000	-	137,798
2011	17,060	2,555	-	-	19,615
2012	17,873	1,742	-	12,995	32,610
2013-2017	<u>18,724</u>	<u>891</u>	<u>-</u>	<u>-</u>	<u>19,615</u>
TOTALS	<u>164,939</u>	<u>45,319</u>	<u>30,000</u>	<u>47,453</u>	<u>\$ 287,711</u>

Interest expense for the year ended June 30, 2007 was \$0.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

(Continued)

NOTE 7 - FUND BALANCES

Portions of fund balances are reserved or designated and not available for general purposes other than fund usage as follows.

	<u>Unreserved Designated</u>
General Fund:	
Future sick leave benefits	\$ 8,069
Special Education:	
Future sick leave benefits	46,464
Vocational Education:	
Future sick leave benefits	<u>7,007</u>
TOTAL	<u>\$61,540</u>

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN

Plan Description – The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer, defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the District. The system provides retirement, survivor and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

Funding Policy – Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals 16.34 percent for the period July 1, 2006 through September 30, 2006 and 17.74 percent for October 1, 2006 through June 30, 2007 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The District's contributions to the MPERS plan for the years ended June 30, 2007, 2006, and 2005 were \$301,243, \$283,109, and \$249,929..

Post Employment Benefits – Under the MPERS Act, all retirees participating in the MPERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost of Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for post employment health care benefits are included as part of the District's total contribution to the MPERS plan discussed above.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

NOTES TO FINANCIAL STATEMENTS

For the Year Ended June 30, 2007

(Continued)

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participated in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said year, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

NOTE 10 - USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 11 - SIGNIFICANT ESTIMATES

Included in footnote 8 is a summary of the employee retirement plan provisions and actuarial assumptions. The actuarial assumptions are very critical to the computation of actuarial determined liabilities of the plan. If the assumptions differ from actual results annual contributions to the defined benefit plan can substantially change.

NOTE 12 - COMPENSATED ABSENCES

At June 30, 2007 accumulated non-vested sick time amounted to \$48,522. Non-vested, unused sick time does not vest and so is not included in the general long-term debt account group.

NOTE 13 - COMMITMENTS

The District had entered into a transportation service contract with a third-party to provide busing to District students. The contract is for the period July 1, 2005 to June 30, 2008. Estimated contract costs are \$150,000 for June 30, 2008.



REQUIRED SUPPLEMENTAL INFORMATION

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
GENERAL FUND**

For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual (Budgetary Basis) (Note 1)</u>
	<u>Original</u>	<u>Final</u>	
REVENUES:			
Local sources	\$ 246,370	\$ 298,926	\$ 315,684
State sources	354,500	375,232	385,005
Federal sources	414,459	303,577	268,248
TOTAL REVENUES	<u>1,015,329</u>	<u>977,735</u>	<u>968,937</u>
EXPENDITURES:			
Supporting services	910,766	827,422	745,403
TOTAL EXPENDITURES	<u>910,766</u>	<u>827,422</u>	<u>745,403</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>104,563</u>	<u>150,313</u>	<u>223,534</u>
OTHER FINANCING SOURCES (USES):			
Payments received from other governmental units	89,100	137,980	165,964
Payments to other governmental units	<u>(225,000)</u>	<u>(225,000)</u>	<u>(225,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(135,900)</u>	<u>(87,020)</u>	<u>(59,036)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(31,337)	63,293	164,498
FUND BALANCE, JULY 1	<u>279,131</u>	<u>279,131</u>	<u>279,131</u>
FUND BALANCE, JUNE 30	<u>\$ 247,794</u>	<u>\$ 342,424</u>	<u>\$ 443,629</u>

The accompanying notes to the financial statements are an integral part of this statement.



COGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
SPECIAL EDUCATION FUND**

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis) (Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 1,276,225	\$ 1,325,986	\$ 1,367,345
State sources	676,825	746,343	772,389
Federal sources	989,592	858,104	865,657
TOTAL REVENUES	2,942,642	2,930,433	3,005,391
EXPENDITURES:			
Instruction	1,158,239	1,098,180	1,025,853
Supporting services	1,731,625	1,668,119	1,611,161
TOTAL EXPENDITURES	2,889,864	2,766,299	2,637,014
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	52,778	164,134	368,377
OTHER FINANCING SOURCES (USES):			
Payments received from other governmental units	28,000	13,000	14,982
Payments to other governmental units	(170,269)	(324,163)	(342,063)
TOTAL OTHER FINANCING SOURCES (USES)	(142,269)	(311,163)	(327,081)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(89,491)	(147,029)	41,296
FUND BALANCE, JULY 1	378,307	378,307	378,307
FUND BALANCE, JUNE 30	\$ 288,816	\$ 231,278	\$ 419,603

The accompanying notes to the financial statements are an integral part of this statement.



GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -
VOCATIONAL EDUCATION FUND**

For the Year Ended June 30, 2007

	Budgeted Amounts		Actual (Budgetary Basis) (Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 543,267	\$ 584,455	\$ 621,450
State sources	121,105	105,000	94,412
Federal sources	184,923	184,923	184,923
TOTAL REVENUES	849,295	874,378	900,785
EXPENDITURES:			
Instruction	331,725	298,820	280,687
Supporting services	521,519	517,437	499,301
TOTAL EXPENDITURES	853,244	816,257	779,988
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(3,949)	58,121	120,797
FUND BALANCE, JULY 1	215,988	215,988	215,988
FUND BALANCE, JUNE 30	\$ 212,039	\$ 274,109	\$ 336,785

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



The accompanying notes to the financial statements are an integral part of this statement.

**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

FEDERAL SINGLE AUDIT REPORTS

For the Year Ended June 30, 2007

GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT

TABLE OF CONTENTS

	<u>Page</u>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	38-39
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	40-41
Schedule of Federal Financial Awards	42-44
Schedule of Federal Awards Provided to Sub Recipients	45-46
Notes to Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Questioned Costs.....	48



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Gogebic-Ontonagon Intermediate School District
Bergland, Michigan

We have audited the financial statements of Gogebic-Ontonagon Intermediate School District as of and for the year ended June 30, 2007, and have issued our report thereon dated October 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Gogebic-Ontonagon Intermediate School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gogebic-Ontonagon Intermediate School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gogebic-Ontonagon Intermediate School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Gogebic-Ontonagon Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS
(Continued)**

This report is intended solely for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Anderson Tackman & Co. P.C.

ANDERSON, TACKMAN & COMPANY, P.L.C.
Certified Public Accountants
Iron Mountain, Michigan

October 31, 2007

ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

Board of Education
Gogebic-Ontonagon Intermediate School District
Bergland, Michigan

Compliance

We have audited the compliance of Gogebic-Ontonagon Intermediate School District with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*" that are applicable to each of its major federal programs for the year ended June 30, 2007. Gogebic-Ontonagon Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Gogebic-Ontonagon Intermediate School District's management. Our responsibility is to express an opinion on Gogebic-Ontonagon Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gogebic-Ontonagon Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Gogebic-Ontonagon Intermediate School District's compliance with those requirements.

In our opinion Gogebic-Ontonagon Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Gogebic-Ontonagon Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Gogebic-Ontonagon Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gogebic-Ontonagon Intermediate School District's internal control over compliance.



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133
(Continued)

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Anderson Tackman & Co. PLLC

ANDERSON, TACKMAN & COMPANY, PLC
Certified Public Accountants
Iron Mountain, Michigan

October 31, 2007

ANDERSON, TACKMAN
& COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS



GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2007

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2006	
			Accrued Receivable	Deferred Revenue
<u>GENERAL FUND</u>				
Flow Through - Michigan				
<u>Department of Education</u>				
<u>U.S. Department of Education</u>				
<u>Even Start</u>	84.213			
Source Project #060390C0617CES		225,000	7,339	-
Source Project #070390D0722CES		225,000	-	-
		<u>450,000</u>	<u>7,339</u>	<u>-</u>
<u>Title V</u>	84.298			
Source Project #0602500506		662	76	-
Source Project #0702500607		301	-	-
		<u>963</u>	<u>76</u>	<u>-</u>
<u>Improving Teacher Quality</u>	84.367			
Source Project #0605200506		118	118	-
Source Project #0705200607		118	-	-
		<u>236</u>	<u>118</u>	<u>-</u>
TOTAL MICHIGAN DEPARTMENT OF EDUCATION		<u>451,199</u>	<u>7,533</u>	<u>-</u>
<u>Flow Through Department of Education</u>				
<u>Small Rural School Achievement</u>	84.358A			
Source Project #S358A052654		15,560	1,380	-
Source Project #S358A052654		22,179	-	-
		<u>37,739</u>	<u>1,380</u>	<u>-</u>
<u>Flow Through Dickinson-Iron ISD</u>				
<u>Teaching American History</u>	84.215X			
Source Project #U215X040066		48,656	23,684	-
TOTAL GENERAL FUND		<u>\$ 537,594</u>	<u>\$ 32,597</u>	<u>\$ -</u>


**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS



<u>Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts</u>	<u>June 30, 2007 Accrued / (Deferred) Revenue</u>
225,000	-	7,339	-
-	225,000	200,757	24,243
<u>225,000</u>	<u>225,000</u>	<u>208,096</u>	<u>24,243</u>
662	-	76	-
-	-	-	-
<u>662</u>	<u>-</u>	<u>76</u>	<u>-</u>
118	-	118	-
-	-	-	-
<u>118</u>	<u>-</u>	<u>118</u>	<u>-</u>
<u>225,780</u>	<u>225,000</u>	<u>208,290</u>	<u>24,243</u>
15,560	-	1,380	-
-	20,656	12,326	8,330
<u>15,560</u>	<u>20,656</u>	<u>13,706</u>	<u>8,330</u>
<u>23,684</u>	<u>22,592</u>	<u>27,350</u>	<u>18,926</u>
<u>\$ 265,024</u>	<u>\$ 268,248</u>	<u>\$ 249,346</u>	<u>\$ 51,499</u>

The accompanying notes to the financial statements are an integral part of this statement.

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2007

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2006	
			Accrued Receivable	Deferred Revenue
<u>SPECIAL EDUCATION FUND</u>				
Flow Through - Michigan Department of Education				
U.S. Department of Education				
<u>94-142 Flow Through</u>	84.027			
Source Project #0504500405		\$ 655,710	\$ 18,161	\$ -
Source Project #0604500506		669,768	139,337	-
Source Project #0704500607		657,760	-	-
		<u>1,983,238</u>	<u>157,498</u>	<u>-</u>
<u>94-142 Pre-School</u>	84.173			
Source Project #0604600506		22,583	3,574	-
Source Project #0704600607		21,947	-	-
		<u>44,530</u>	<u>3,574</u>	<u>-</u>
<u>Infant & Toddler</u>	84.181			
Source Project #061340190		74,239	41,324	-
Source Project #071340190		70,594	-	-
		<u>144,833</u>	<u>41,324</u>	<u>-</u>
<u>Special Education State Initiated</u>	84.027			
Source Project #060490TS		60,000	22,473	-
Source Project #060480EOSD		45,000	2,475	-
Source Project #070490TS		60,000	-	-
Source Project #070480EOSD		45,000	-	-
		<u>210,000</u>	<u>24,948</u>	<u>-</u>
TOTAL MICHIGAN DEPARTMENT OF EDUCATION		<u>2,382,601</u>	<u>227,344</u>	<u>-</u>
Flowthrough Marquette-Alger ISD				
<u>UP Cares Grant</u>	84.027A			
Source Project #0604903D51		10,514	6,093	-
Source Project #0704703D51		1,431	-	-
		<u>11,945</u>	<u>6,093</u>	<u>-</u>
<u>Medicaid Outreach</u>	93.778	<u>26,623</u>	<u>-</u>	<u>-</u>
TOTAL SPECIAL EDUCATION FUND		<u>\$ 2,421,169</u>	<u>\$ 233,437</u>	<u>\$ -</u>



**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS



<u>Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts</u>	<u>June 30, 2007 Accrued / (Deferred) Revenue</u>
\$ 655,710	\$ -	\$ 18,161	\$ -
646,603	23,165	162,502	-
-	607,582	482,273	125,309
<u>1,302,313</u>	<u>630,747</u>	<u>662,936</u>	<u>125,309</u>
22,583	-	3,574	-
-	21,947	21,413	534
<u>22,583</u>	<u>21,947</u>	<u>24,987</u>	<u>534</u>
57,399	16,840	58,164	-
-	58,647	39,262	19,385
<u>57,399</u>	<u>75,487</u>	<u>97,426</u>	<u>19,385</u>
60,000	-	22,473	-
45,000	-	2,475	-
-	60,000	49,709	10,291
-	45,000	40,500	4,500
<u>105,000</u>	<u>105,000</u>	<u>115,157</u>	<u>14,791</u>
<u>1,487,295</u>	<u>833,181</u>	<u>900,506</u>	<u>160,019</u>
6,093	4,421	10,514	-
-	1,431	220	1,211
<u>6,093</u>	<u>5,852</u>	<u>10,734</u>	<u>1,211</u>
-	26,623	26,623	-
<u>\$ 1,493,388</u>	<u>\$ 865,656</u>	<u>\$ 937,863</u>	<u>\$ 161,230</u>

The accompanying notes to the financial statements are an integral part of this statement.

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2007

Awarding Agency/ <u>Award Description</u>	Federal Catalog <u>Number</u>	Approved Grant Award <u>Amount</u>	<u>July 1, 2006</u>	
			<u>Accrued Receivable</u>	<u>Deferred Revenue</u>
<u>VOCATIONAL EDUCATION FUND</u>				
Flow Through - Michigan <u>Department of Education</u>				
U.S. Department of Education				
<u>Regional Allocation</u>	84.048			
Source Project #0635206012-1		134,757	24,937	-
Source Project #0735207012-1		<u>120,191</u>	-	-
		<u>254,948</u>	<u>24,937</u>	-
Vocational Education Tech-Prep <u>Education</u>				
	84.243			
Source Project #0635406014-1		72,503	38,410	-
Source Project #0735407014-1		<u>64,732</u>	-	-
		<u>137,235</u>	<u>38,410</u>	-
TOTAL MICHIGAN DEPARTMENT OF EDUCATION / VOC ED FUND		<u>392,183</u>	<u>63,347</u>	-
TOTAL ALL FUNDS FEDERAL FINANCIAL AWARDS		<u>\$ 3,350,946</u>	<u>\$ 329,381</u>	<u>\$ -</u>



**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS



<u>Prior Year Expenditures</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts</u>	<u>June 30, 2007 Accrued / (Deferred) Revenue</u>
134,757	-	24,937	-
-	120,191	114,453	5,738
<u>134,757</u>	<u>120,191</u>	<u>139,390</u>	<u>5,738</u>
72,503	-	38,410	-
-	64,732	51,231	13,501
<u>72,503</u>	<u>64,732</u>	<u>89,641</u>	<u>13,501</u>
<u>207,260</u>	<u>184,923</u>	<u>229,031</u>	<u>19,239</u>
<u>\$ 1,965,672</u>	<u>\$ 1,318,827</u>	<u>\$ 1,416,240</u>	<u>\$ 231,968</u>

The accompanying notes to the financial statements are an integral part of this statement.



ANDERSON, TACKMAN
& COMPANY, P.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS

For the Year Ended June 30, 2007

Awarding Agency/ Award Description	Federal Catalog Number	Subrecipient Grant Award Amount	July 1, 2006 Due To Subrecipient	July 1, 2006 Due From Subrecipient	Prior Year Expenditures	Current Year Transfers	Amount Reported By Subrecipient	June 30, 2007 Due To / Due From Subrecipient
SPECIAL EDUCATION FUND								
U.S. Department of Education Small Rural School Achievement Source Project #8358A032654	84.158A							
Subrecipient: Wakefield-Marengo School District		\$ 110	\$ -	\$ -	\$ -	\$ 110	\$ 110	\$ -
Copper County ISD		540	-	-	-	540	540	-
Watersmeet Township Schools		725	-	-	-	725	725	-
Bessemer Area Schools		680	-	-	-	680	680	-
Sub-Total		2,055	-	-	-	2,055	2,055	-
Flow Through - Department of Education - Even Start								
Source Project #070390ID9122CE5	84.213							
Subrecipient: Ironwood Schools		225,000	-	-	-	225,000	208,757	24,243
Regional Education								
Source Project #07352W7012-1	84.648							
Subrecipient: Copper County ISD		68,033	-	-	-	68,033	68,033	-
Ewen Trout Creek Schools		351	-	-	-	351	351	-
Gogebic Community College		15,557	-	-	-	15,557	15,557	-
Ironwood Area Schools		100	-	-	-	100	100	-
Marquette-Alger RESA		30	-	-	-	30	30	-
Ontonagon Area Schools		2,065	-	-	-	2,065	2,065	-
Sub-Total		86,136	-	-	-	86,136	86,136	-
Teaching American History								
Source Project #U215X040666	84.215X							
Subrecipient: Bessemer Area Schools		1,003	-	-	-	1,003	1,003	-
Ewen Trout Creek Schools		350	-	-	-	350	350	-
Ironwood Area Schools		832	-	-	-	832	832	-
Marquette-Alger RESA		2,856	-	-	-	2,856	2,856	-
Ontonagon Area Schools		435	-	-	-	435	435	-
Wakefield-Marengo School District		83	-	-	-	83	83	-
Sub-Total		5,559	-	-	-	5,559	5,559	-



**ANDERSON, TACKMAN
& COMPANY, P.L.C.**
CERTIFIED PUBLIC ACCOUNTANTS

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS

For the Year Ended June 30, 2007

Awarding Agency/ Award Description	Federal Catalog Number	Subrecipient Grant Award Amount	July 1, 2006		Prior Year Expenditures	Current Year Transfers	Amounts Reported By Subrecipient	June 30, 2007 Due To / Due From Subrecipient
			Due To Subrecipient	Due From Subrecipient				
<u>Transition</u> Source Project #0749b/TS	84.027							
Subrecipient								
Bessemer Area Schools		336	-	-	-	336	311	-
Ewen-Trout Creek Schools		88	-	-	-	88	86	-
Ironwood Area Schools		420	-	-	-	420	81	-
Ontonagon Area Schools		144	-	-	-	144	144	-
Waterford-Marengo School District		166	-	-	-	166	166	-
Watersmeet Township Schools		666	-	-	-	666	666	-
		<u>1,830</u>	-	-	-	<u>1,830</u>	<u>1,454</u>	-
Sub-Total								
<u>Infant & Toddler</u> Source Project #061340/190	84.181							
Subrecipient								
Copper Country ISD		1,044	-	-	-	1,044	1,044	-
<u>Vocational Education Tech-Prep Education</u> Source Project #073540/7014.1	84.243							
Subrecipient								
Ontonagon Area Schools		1,616	-	-	-	1,616	1,616	-
Gogebic Community College		8,945	-	-	-	8,945	8,945	-
Copper Country ISD		29,129	-	-	-	29,129	29,129	-
		<u>39,690</u>	-	-	-	<u>39,690</u>	<u>39,690</u>	-
Sub-Total								
Total Awards Provided to Subrecipients		<u>\$ 367,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367,304</u>	<u>\$ 336,695</u>	<u>\$ 24,243</u>

The accompanying notes to the schedule of federal financial awards are an integral part of this statement.

**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF FEDERAL FINANCIAL AWARDS
For the Year Ended June 30, 2007**

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of Gogebic-Ontonagon Intermediate School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

NOTE 2 - FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule using the Recipient Entitlement Balance Report and other district records. Spoilage or pilferage, if any, is included in expenditures.

NOTE 3 - COST REPORTS

Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports.

NOTE 4 - GRANTS SECTION AUDITORS' REPORT

Management has utilized the Grants Section Auditors' Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards.



**GOGEBIC-ONTONAGON INTERMEDIATE
SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007**

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion of the general purpose financial statements of Gogebic-Ontonagon Intermediate School District.
2. There were no reportable conditions relating to the audit of the general purpose financial statements.
3. There were no instances of noncompliance material to the general purpose financial statements of Gogebic-Ontonagon Intermediate School District.
4. There were no reportable conditions relating to the audit of the major federal award programs as reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Gogebic-Ontonagon Intermediate School District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Gogebic-Ontonagon Intermediate School District.
7. The programs tested as major programs included: CFDA No. 84.213 Even Start and CFDA No. 84.048 Regional Allocation.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Gogebic-Ontonagon Intermediate School District was determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

1. There were no findings or questioned costs.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There were no findings or questioned costs.

D. SUMMARY OF PRIOR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

1. There were no prior findings or questioned costs.

